



濱海投資有限公司
BINHAI INVESTMENT COMPANY LIMITED

(Incorporated in the Bermuda with limited liability)
Stock Code: 2886



2017
Interim Report

The board (the "Board") of directors (the "Directors") of Binhai Investment Company Limited (the "Company" and together with its subsidiaries, the "Group") is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2017 (the "Period") together with the comparative unaudited figures for the corresponding period in 2016. The unaudited condensed interim consolidated financial statements have been reviewed by the audit committee of the Company.

FINANCIAL HIGHLIGHTS

	Unaudited Six months Ended 30 June 2017 HK\$'000	Unaudited Six months Ended 30 June 2016 HK\$'000	Percentage Change
Revenue	1,165,116	1,076,932	8%
Gross profit	245,265	258,501	(5%)
Profit for the period	180,669	80,948	123%
Basic earnings per share attributable to owners of the Company during the period	15.27 cents	6.66 cents	8.61 cents

	Unaudited As at 30 June 2017 HK\$'000	Audited As at 31 December 2016 HK\$'000	Percentage Change
Total assets	4,478,415	4,071,674	10%
Total equity	1,367,907	1,221,861	12%
Total liabilities	3,110,508	2,849,813	9%

FINANCIAL INFORMATION

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2017

		Unaudited	
		Six months ended 30 June	
		2017	2016
	<i>Note</i>	HK\$'000	HK\$'000
Revenue	6	1,165,116	1,076,932
Cost of sales		(919,851)	(818,431)
Gross profit		245,265	258,501
Other income	7	3,996	5,280
Other gains and losses	8	59,873	(27,095)
General and administrative expenses		(70,717)	(73,034)
Interest income	10	899	898
Interest expenses	10	(23,768)	(36,071)
Share of profit of an associate		2,334	2,280
Share of losses of joint ventures		(2,015)	(1,851)
Profit before income tax		215,867	128,908
Income tax expenses	11	(35,198)	(47,960)
Profit for the period		180,669	80,948
Profit for the period attributable to:			
– Owners of the Company		179,345	78,169
– Non-controlling interests		1,324	2,779
		180,669	80,948
Earnings per ordinary share	13		
– basic (<i>HK cents</i>)		15.27	6.66

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2017

	Unaudited Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Comprehensive income		
Profit for the Period	180,669	80,948
Other comprehensive income/(expense)		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	27,571	(35,262)
Total comprehensive income for the period	208,240	45,686
Attributable to:		
— Owners of the Company	205,837	43,914
— Non-controlling interests	2,403	1,772
Total comprehensive income for the period	208,240	45,686

Condensed Consolidated Statement of Financial Position

At 30 June 2017

	Note	Unaudited As at 30 June 2017 HK\$'000	Audited As at 31 December 2016 HK\$'000
ASSETS			
Non-current Assets			
Land use rights		78,357	66,033
Property, plant and equipment	14	2,977,673	2,833,956
Intangible assets		13,290	13,047
Interest in an associate		26,063	23,001
Interests in joint ventures		27,838	29,009
Advance payment for pipeline construction	15	2,098	2,036
Long-term deposit	18(c)	12,418	7,702
Deferred tax assets	20	5,281	5,174
		3,143,018	2,979,958
Current Assets			
Inventories		93,979	44,123
Trade and other receivables	15	667,910	589,109
Restricted cash		36,566	8,651
Bank balances and cash		406,661	323,361
		1,205,116	965,244
Asset held for sale	23	130,281	126,472
		1,335,397	1,091,716
Total Assets		4,478,415	4,071,674
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital			
— Ordinary shares	16	117,435	117,435
— Redeemable preferences shares	16	430,000	430,000
Share premium		157,522	157,522
Other reserves		(173,310)	(199,802)
Retained earnings		802,157	681,529
		1,333,804	1,186,684
Non-controlling interests		34,103	35,177
Total Equity		1,367,907	1,221,861

	Unaudited As at 30 June 2017 HK\$'000	Audited As at 31 December 2016 HK\$'000
<i>Note</i>		
LIABILITIES		
Non-current Liabilities		
Borrowings	18 298,862	1,721,704
Deferred income	19 34,021	33,340
	332,883	1,755,044
Current Liabilities		
Trade and other payables	17 1,046,360	982,689
Tax liabilities	27,710	44,044
Borrowings	18 1,703,555	68,036
	2,777,625	1,094,769
Total Liabilities	3,110,508	2,849,813
Total Equity and Liabilities	4,478,415	4,071,674
Net Current Liabilities	(1,442,228)	(3,053)
Total Assets less Current Liabilities	1,700,790	2,976,905

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

Changes in equity of the Group during the six months ended 30 June 2017 and 2016 are as follows:

	Unaudited						
	Attributable to owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
Balance at 1 January 2016	547,435	157,522	(144,707)	586,403	1,146,653	32,384	1,179,037
Profit for the Period	–	–	–	78,169	78,169	2,779	80,948
Other comprehensive expense							
Currency translation differences	–	–	(34,255)	–	(34,255)	(1,007)	(35,262)
Total comprehensive income for the Period	–	–	(34,255)	78,169	43,914	1,772	45,686
Employee share options lapsed	–	–	(1,443)	1,443	–	–	–
Dividends relating to 2015	–	–	–	(58,717)	(58,717)	–	(58,717)
	–	–	(1,443)	(57,274)	(58,717)	–	(58,717)
Balance at 30 June 2016	547,435	157,522	(180,405)	607,298	1,131,850	34,156	1,166,006
Balance at 1 January 2017	547,435	157,522	(199,802)	681,529	1,186,684	35,177	1,221,861
Profit for the Period	–	–	–	179,345	179,345	1,324	180,669
Other comprehensive income							
Currency translation differences	–	–	26,492	–	26,492	1,079	27,571
Total comprehensive income for the Period	–	–	26,492	179,345	205,837	2,403	208,240
Dividends relating to 2016	–	–	–	(58,717)	(58,717)	–	(58,717)
Dividend paid to non-controlling interests	–	–	–	–	–	(7,989)	(7,989)
Disposal shares to non-controlling interests	–	–	–	–	–	4,512	4,512
	–	–	–	(58,717)	(58,717)	(3,477)	(62,194)
Balance at 30 June 2017	547,435	157,522	(173,310)	802,157	1,333,804	34,103	1,367,907

Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	Unaudited	
	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Cash flows from operating activities		
Cash generated from operations	134,399	145,055
Income tax paid	(51,483)	(50,478)
Net cash generated from operating activities	82,916	94,577
Cash flows from investing activities		
Purchase of property, plant and equipment	(90,737)	(124,336)
Purchase of land use rights	(11,611)	(7,066)
Proceeds from disposal of property, plant and equipment, land use rights	8,441	—
Placement of restricted cash	(27,915)	—
Interest received	899	898
Net cash used in investing activities	(120,923)	(130,504)
Cash flows from financing activities		
Proceeds from borrowings	241,463	349,462
Repayments of borrowings	(50,579)	—
Interest paid	(33,037)	(27,261)
Transaction cost of borrowings paid	(7,474)	(14,785)
Dividend paid to non-controlling interests	(2,266)	—
Dividend paid	(58,717)	(58,717)
Net cash generated from financing activities	89,390	248,699
Net increase in cash and cash equivalents	51,383	212,772
Cash and cash equivalents at beginning of the Period	323,361	331,184
Exchange difference on cash and cash equivalents	31,917	25,492
Cash and cash equivalents at end of the Period	406,661	569,448

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

1. GENERAL INFORMATION

The Company was incorporated in Bermuda on 8 October 1999, with its principal place of business at Suites 3205-07, 32/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. The Company is a public limited company and its shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

The Company is an investment holding company.

For the purpose of these consolidated financial statements, the Directors regard Tianjin TEDA Investment Holdings Co., Ltd. ("TEDA"), a state-owned enterprise under supervision of the Tianjin State-owned Assets Supervision and Administration Commission, as the ultimate holding company of the Company.

These consolidated financial statements are presented in Hong Kong Dollars ("HK\$"), unless otherwise stated.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

In the Period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the Period.

The application of above amendments to HKFRSs in the Period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

4. ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2016.

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 *Financial risk factors*

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group used derivative financial instruments to hedge certain risk exposures.

The condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2016.

There have been no changes in any risk management policies since year end.

5.2 *Liquidity risk*

Compared to the year end of 2016, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

5.3 *Fair value of financial assets and liabilities measured at amortised cost*

The carrying amounts of the Group's financial assets including bank balances and cash, restricted cash and trade and other receivables (except for the prepayments), and financial liabilities including trade and other payables (except for the advance from customers, staff salaries and welfare payables and accrued taxes other than income tax), approximate their fair value due to their short maturity. The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair value. The carrying value of other borrowings are assumed to approximate their fair values.

6. SEGMENT INFORMATION

Information reported to the executive Directors, being the chief operating decision maker (CODM), for the purpose of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group's reportable and operating segments under HKFRS8 are as follows:

- | | | |
|--------------------|---|--|
| Piped gas sales | — | Sales of piped gas through the Group's pipeline networks to industrial and residential users |
| Connection service | — | Construction and installation of of gas pipelines and appliances to connect customers to the Group's pipeline networks under connection contract |
| Bottled gas sales | — | Sales of bottled gas |
| Gas transportation | — | Transportation of gas for clients |

The executive Directors assess the performance of the operating segments based on segment results. Segment results are measured as gross profit of each segment.

No operating segments have been aggregated to derive the reportable segments of the Group.

Six months ended 30 June 2017	Unaudited				
	Gas	Bottled	Piped gas	Connection	Total
	Transportation	gas sales	sales	services	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Revenue					
– Tianjin Pipe Group Corporation (“Tianjin Pipe”) and its subsidiaries	–	–	47,772	–	47,772
– Other customers	6,987	7,064	855,470	247,823	1,117,344
Revenue from external customers	6,987	7,064	903,242	247,823	1,165,116
Segment results	3,243	2,279	85,211	154,532	245,265
– Other income					3,996
– Other gains and losses					59,873
– General and administrative expenses					(70,717)
– Interest income					899
– Interest expenses					(23,768)
– Share of profit of an associate					2,334
– Share of losses of joint ventures					(2,015)
Profit before income tax					215,867
<i>Other information for reportable segments:</i>					
Depreciation	3,719	64	41,258	600	45,641
Amortisation of land use rights	–	13	1,054	284	1,351
Amortisation of intangible assets	–	–	151	–	151

Six months ended 30 June 2016	Unaudited			Total HK\$'000
	Bottled gas sales HK\$'000	Piped gas sales HK\$'000	Connection services HK\$'000	
Revenue				
– Tianjin Pipe and its subsidiaries	–	212,235	–	212,235
– Other customers	6,666	660,850	191,181	864,697
Revenue from external customers	6,666	879,085	191,181	1,076,932
Segment results	1,653	125,713	131,135	258,501
– Other income				5,280
– Other gains and losses				(27,095)
– General and administrative expenses				(73,034)
– Interest income				898
– Interest expenses				(36,071)
– Share of profit of an associate				2,280
– Share of losses of joint ventures				(1,851)
Profit before income tax				128,908
<i>Other information for reportable segments:</i>				
Depreciation	54	41,119	389	41,562
Amortisation of land use rights	10	863	179	1,052

7. OTHER INCOME

	Unaudited Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Rental income	1,303	1,624
Assembling service	2,693	3,656
	3,996	5,280

8. OTHER GAINS AND LOSSES

	Unaudited	
	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Gain/(losses) on disposal of property, plant and equipment and land use rights	5,613	(89)
Fair value gain on derivative financial instruments – net	–	9,793
Reversal of impairment of trade and other receivables	1,350	2,825
Net foreign exchange gain/(losses)	47,365	(39,214)
Sundry income	3,865	–
Others	1,680	(410)
	59,873	(27,095)

9. PROFIT BEFORE INCOME TAX

	Unaudited	
	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Cost of gas purchased	738,700	673,013
Staff costs	66,043	66,570
Depreciation	45,641	41,562
Research and development expenses	8,039	12,441
Amortisation	1,502	1,052
Operation lease rentals in respect of rented premises	2,818	4,789

10. INTEREST INCOME AND EXPENSES

	Unaudited Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Interest on USD bond	27,603	27,353
Interest on bank and other borrowings	7,293	1,868
Interest expense on convertible bonds	—	16,365
	34,896	45,586
Less: Amounts capitalised as part of the cost of property, plant and equipment	(11,128)	(9,515)
Interest expenses	23,768	36,071
Interest income	(899)	(898)

11. INCOME TAX EXPENSES

	Unaudited Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Current tax:		
Current tax on profits for the Period	35,149	47,960
Deferred tax	49	—
Income tax expenses	35,198	47,960

There was no Hong Kong profits tax provided for the six months ended 30 June 2017 and for the six months ended 30 June 2016.

In accordance with the “Notice of the State Tax Bureau of the Ministry of Finance Regarding Certain Preferential Treatment Policies on Enterprise Income Tax”, new and high technical enterprises are subject to income tax at a tax rate of 15%. The following subsidiaries of the Company have been recognised as new and high technical enterprises in accordance with the applicable Enterprise Income Tax Law (the “EIT Law”) of the People’s Republic of China (the “PRC”) and are subject to income tax at a tax rate of 15% for the respective years.

Tianjin Binda Gas Enterprise Company Limited * (“Tianjin Binda”) (天津濱達燃氣實業有限公司) was recognised as a new and high technical enterprise on 9 December 2016 for 3 years in accordance with the applicable EIT Law of the PRC and is subject to income tax at a tax rate of 15% from 2016 to 2018.

Zhuozhou Binhai Gas Company Limited* (涿州濱海燃氣有限公司) was recognised as a new and high technical enterprise on 21 November 2016 for 3 years in accordance with the applicable EIT Law of the PRC and is subject to income tax at a tax rate of 15% from 2016 to 2018.

Other subsidiaries established in the PRC were subject to income tax at a tax rate of 25% for the six months ended 30 June 2017 (for the six months ended 30 June 2016: 25%).

The Company was established in Bermuda, which is a tax free country. The income tax rate of Binhai Investment Hong Kong Limited is 16.5%. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

12. DIVIDEND

During the Period, a final dividend of HK\$0.05 per ordinary share in respect of the year ended 31 December 2016 (“2016 Final Dividend”) was recommended by the Board (a final dividend of HK\$0.05 per ordinary share was recommended for the year ended 31 December 2015). The amount of the 2016 Final Dividend paid in the Period amounted to approximately HK\$58,717,400 (six months ended 30 June 2016: approximately HK\$58,717,400).

The Directors have decided not to pay any dividend in respect of the Period.

13. EARNINGS PER SHARE

(a) Basic

The calculation of the basic earnings per share is based on the following data:

	Unaudited	
	Six months ended 30 June	
	2017	2016
Earnings		
Profit attributable to owners of the Company (HK\$'000)	179,345	78,169
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,174,348,950	1,174,348,950

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Dilutive potential ordinary shares of the Company are share options. The exercise of share options would have no dilutive effect to earnings per share because the exercise price of those options was higher than the average market price for share for the six months ended 30 June 2017 and for the six months ended 30 June 2016.

* English translation for identification only

14. PROPERTY, PLANT AND EQUIPMENT

	Unaudited As at 30 June 2017 HK\$'000	Unaudited As at 30 June 2016 HK\$'000
Opening net book amount	2,833,956	2,732,293
Additions	101,442	68,765
Disposal	(2,262)	(165)
Depreciation	(45,641)	(41,562)
Reversal of impairment charge	219	20
Currency translation differences	89,959	(57,768)
Closing net book amount	2,977,673	2,701,583

Note: Pipelines with a net carrying amount of HK\$409,773,000 (approximately RMB356,379,000) were pledged as security for the related borrowing as at 30 June 2017, details of which are set out in Note 18.

15. TRADE AND OTHER RECEIVABLES

	Unaudited As at 30 June 2017 HK\$'000	Audited As at 31 December 2016 HK\$'000
Trade receivables		
— Piped gas sales receivables	97,073	116,163
— Amounts due from customers for contract work	233,982	218,885
Less: allowance for impairment	(41,228)	(41,365)
	289,827	293,683
Bills receivables	12,476	22,786
	302,303	316,469
Advances to suppliers	198,862	165,586
Less: allowance for impairment	(75,512)	(73,304)
	123,350	92,282
Prepayments and other receivables	89,373	51,577
Less: allowance for impairment	(8,059)	(7,823)
	81,314	43,754
Receivables from related parties (Note 22)	163,041	138,640
	670,008	591,145
Less: advance payment for pipeline construction	(2,098)	(2,036)
Current portion	667,910	589,109

Notes:

- (a) The carrying amounts of the Group's trade and other receivables are principally denominated in Renminbi ("RMB").
- (b) The carrying amounts of trade and other receivables approximate their fair values due to their short-term maturities.

(c) Aging analysis of the trade receivables is as follows:

	Unaudited As at 30 June 2017 HK\$'000	Audited As at 31 December 2016 HK\$'000
0 – 90 days	167,435	227,391
91 – 180 days	8,320	18,937
181 – 360 days	79,535	22,682
Over 360 days	47,013	47,459
	302,303	316,469

16. SHARE CAPITAL

	Unaudited As at 30 June 2017		Audited As at 31 December 2016	
	Number of shares Thousand	Amounts HK\$'000	Number of shares Thousand	Amounts HK\$'000
Ordinary shares of HK\$0.1 each Authorised:	1,500,000	150,000	1,500,000	150,000
Issued and fully paid:	1,174,349	117,435	1,174,349	117,435
Redeemable preference shares of HK\$50.00 each, issued and fully paid	8,600	430,000	8,600	430,000
Issued and fully paid:		547,435		547,435

17. TRADE AND OTHER PAYABLES

	Notes	Unaudited As at 30 June 2017 HK\$'000	Audited As at 31 December 2016 HK\$'000
Trade payables	(a)	340,141	303,498
Advance from customers		209,164	235,101
Other payables		444,914	414,407
Bills payables	(a)	27,654	—
Accrued expenses		11,212	16,650
Amounts due to related parties (Note 22)		13,275	13,033
		1,046,360	982,689

Notes:

- (a) The aging analysis of the trade and bill payables based on invoice date is as follows:

	Unaudited As at 30 June 2017 HK\$'000	Audited As at 31 December 2016 HK\$'000
0 — 90 days	130,927	120,764
91 — 180 days	30,138	22,648
181 — 360 days	63,257	39,551
Over 360 days	143,473	120,535
	367,795	303,498

Bills payables are bank accepted and mature within six months from the issue date.

18. BORROWINGS

	Notes	Unaudited As at 30 June 2017 HK\$'000	Audited As at 31 December 2016 HK\$'000
USD bond	(a)	1,551,047	1,538,899
Bank borrowing-unsecured	(b)	91,986	21,208
Other borrowing-secured	(c)	359,384	229,633
Total		2,002,417	1,789,740
Less: Current portion		(1,703,555)	(68,036)
Non-current portion		298,862	1,721,704

Notes:

(a) *USD bond*

On 6 May 2015, the Company issued the bonds in the aggregate principal amount of US\$200,000,000 (equivalent to approximately HK\$1,546,740,000). The bonds will mature on 6 May 2018, unless purchased or cancelled by the Company in accordance with the terms and conditions stated in the agreement, and except for the following early redeemed events which are stated in the terms and conditions of the agreement: (i) as a result of any change in the laws or regulations of Hong Kong, Bermuda or the PRC or any political subdivision or any authority thereof having power to tax or any change in the application or official in interpretation of such laws or regulations which change became effective on or after 28 April 2015, which the Company would be required to pay additional tax amounts in respect of the bonds and such obligation cannot be avoided by the Company taking reasonable measures available to it and (ii) at any time following the occurrence of a change of control of the Company (the "Early Redemption Events"). If the Early Redemption Events occur, the bond holders will have the right to request the Company to redeem the USD bond at 101% of the principal amount. The estimated fair value of the rights on Early Redemption Events was insignificant at initial recognition as at 30 June 2017 and 31 December 2016. The bonds carry interest at a rate of 3.25% per annum, payable semi-annually in arrears. The effective interest rate of the bonds is 3.58% per annum.

(b) *Bank borrowing – unsecured*

HK\$57,491,000 of the balance belong to borrowing from China Construction Bank Corporation which is unsecured, carries interest at the rate of 5.44% per annum and is repayable within one year. HK\$34,495,000 of the balance belong to borrowing from China Min Sheng Bank Corporation which is unsecured, carries interest at the rate of 4.75% per annum and is repayable within two years.

(c) Other borrowing – secured

On 29 April 2016, Tianjin Binda entered into an agreement (the “2016 Agreement”) with Bank of Communications Financial Leasing Co., Ltd. (“BoCom Leasing”) pursuant to which the Group drew down RMB230,000,000 (equivalent to approximately HK\$265,344,000) from BoCom Leasing (included in other borrowings) repayable by 20 quarterly installments plus annual interest rate being the RMB benchmark lending rate published by the People’s Bank of China for the same period decreased by 12%. Notwithstanding that the 2016 Agreement took the legal form of a lease, the Group accounted for the 2016 Agreement as collateralised borrowing to reflect the actual substance of the 2016 Agreement.

As collaterals for above financing:

- (i) The Group transferred the ownership title of the second gas pipeline network and ancillary equipment and facilities to BoCom Leasing;
- (ii) The Group placed a security deposit of RMB6,900,000 (equivalent to approximately HK\$7,934,000) with BoCom Leasing;
- (iii) Two wholly-owned subsidiaries of the Company, Binhai Investment (Tianjin) Company Limited (“Binhai Investment Tianjin”) and Tianjin Bintai Energy Development Company Limited (which was acquired by Tianjin Binda in 2016), each executed a guarantee as a guarantor in favor of BoCom Leasing to guarantee all payment obligations of Tianjin Binda under the 2016 Agreement.

Upon discharging all the Group’s obligations under the 2016 Agreement, BoCom Leasing will return the ownership title of the pipelines to the Group for a nominal amount of RMB1.00.

On 29 June 2017, Tianjin Binda entered into an agreement (the “2017 Agreement”) with BoCom Leasing pursuant to which the Group drew down RMB130,000,000 (equivalent to approximately HK\$149,477,000) from BoCom Leasing (included in other borrowings) repayable by 12 quarterly installments plus annual interest rate being the RMB benchmark lending rate published by the People’s Bank of China for the same period increased by 2%. Notwithstanding that the 2017 Agreement took the legal form of a lease, the Group accounted for the 2017 Agreement as collateralised borrowing to reflect the actual substance of the 2017 Agreement.

As collaterals for above financing:

- (i) The Group transferred the ownership title of certain other pipeline network and equipment to BoCom Leasing;
- (ii) The Group placed a security deposit of RMB3,900,000 (equivalent to approximately HK\$4,484,000) with BoCom Leasing;
- (iii) A wholly-owned subsidiary of the Company, Binhai Investment Tianjin executed a guarantee as a guarantor in favor of BoCom Leasing to guarantee all payment obligations of Tianjin Binda under the 2017 Agreement.

Upon discharging all the Group’s obligations under the 2017 Agreement, BoCom Leasing will return the ownership title of the pipelines to the Group for a nominal amount of RMB1.00.

The carrying amounts of the other borrowing are repayable.

	Unaudited As at 30 June 2017 HK\$'000	Audited As at 31 December 2016 HK\$'000
Within one year	95,017	46,828
Within a period of more than one year but not exceeding two years	100,527	48,864
Within a period of more than two years but not exceeding five years	163,840	133,941
Total	359,384	229,633

19. DEFERRED INCOME

	Unaudited As at 30 June 2017 HK\$'000	Audited As at 31 December 2016 HK\$'000
Government grants		
At the beginning of the Period	34,490	—
Received during the Period	—	35,648
Credited to profit or loss	(319)	—
Currency translation differences	1,034	(1,158)
At the end of the Period	35,205	34,490
Analysed for reporting purpose as:		
Current portion (included in trade and other payables)	1,184	1,150
Non-current portion	34,021	33,340
	35,205	34,490

In 2016, Tianjin Binda, a subsidiary of the Company, received a government subsidy of RMB30,900,000 to subsidise its projects costs related to construction of new gas pipelines for connection to certain heating enterprises in order to promote the usage of more environmental friendly energy. Accordingly, subsidy received is deferred and released to the profit or loss over the estimated useful lives of the relevant gas pipelines constructed.

20. DEFERRED TAX ASSETS

The following is the major deferred tax assets movements thereon during the Period:

	Government grant HK\$'000
At 31 December 2016	5,174
Credit for the year	(49)
Currency translation differences	156
	<hr/>
At 30 June 2017	5,281

21. COMMITMENTS

(a) Capital commitments

	Unaudited As at 30 June 2017 HK\$'000	Audited As at 31 December 2016 HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided in the consolidated financial statements	73,040	75,362

(b) Operating leases commitment – Group as lessee

At the end of the Period, the Group had commitments for future minimum lease payments under non-cancellable operation leases in respect of buildings, which fall due as follows:

	Unaudited As at 30 June 2017 HK\$'000	Audited As at 31 December 2016 HK\$'000
Within one year	6,538	6,979
In the second to fifth years, inclusive	6,306	9,912
Other five years	1,503	750
	<hr/> 14,347	<hr/> 17,641

(c) **Operating leases commitment – Group as lessor**

At the end of the Period, the Group had contracted with lessees for the following future minimum lease payments in respect of equipment:

	Unaudited As at 30 June 2017 HK\$'000	Audited As at 31 December 2016 HK\$'000
Within one year	2,175	1,879
In the second to fifth years, inclusive	4,109	4,742
Other five years	4,846	4,890
	11,130	11,511

22. RELATED PARTY TRANSACTIONS

In addition to those mentioned elsewhere in the condensed consolidated financial statements, the followings are significant transactions entered into between the Group and its related parties during the Period:

	Unaudited Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
(a) Transactions with fellow subsidiaries of holding company:		
Sale of gas to TEDA Gas (Note (i))	112,078	56,108
Sale of gas to Tianjin Pipe and its associates (Note (i))	47,772	212,235
Sale of gas to Tianjin Sai-rui Machinery Equipment Company Limited (“Sai Rui”) (Note (i))	14,381	20,257
Provision of connection service to TEDA Zhongtang (Note (iii))	7,846	—
Sale of gas to Tianjin Eco-city (Note (i))	5,949	2,272
Provision of connection service to TEDA Investment Holding Co., Ltd (“TEDA Investment”) (Note (iv))	4,546	—
Sale of gas to Tianjin Eco-city TEDA Thermal Power Co.,Ltd (“Eco-city TEDA Thermal Power”) (Note (i))	2,810	—
Sale of gas to Sinopec Binhai Investment (Tianjin) Natural Gas Utilisation (“SBI”) (Note (i))	890	3,272

Unaudited
Six months ended 30 June

	2017 HK\$'000	2016 HK\$'000
Sale of gas to Tianjin TEDA Transportation Hub Operations Management Company Limited ("TEDA Transportation Hub") (Note (i))	762	710
Sale of gas to Tianjin YAT-SEN Scientific Industrial Park International Inc ("Tianjin YAT-SEN") (Note (i))	596	552
Gas transportation to TEDA gas (Note (ix))	582	—
Rental income from SBI (Note (ii))	557	197
Sale of gas to Tianjin Xing Cheng (Note (i))	49	49
Sale of gas to Thriving Future Property Management Co., Ltd. ("Thriving Future Property") (Note (i))	39	—
Sale of gas to Tianjin TEDA Zhongtang Investment & Development Co., Ltd ("TEDA Zhongtang") (Note (i))	13	47
Provision of connection service to Tianjin Xing Cheng Investment Development Co., Ltd. ("Tianjin Xingcheng") (Note (iii))	—	264
Construction supervision service from Tianjin Eco-City Environmental Technology Consulting Co., Ltd. ("Eco-City Environmental") (Note (viii))	(79)	—
Insurance premium paid to Bohai Property Insurance Company Limited ("Bohai") (Note (vi))	(1,703)	(2,202)
Purchase gas from Tianjin Binhai Tourist Area Gas Investment Development Co., Ltd ("Binhai Tourist Area Gas") (Note (vii))	(3,314)	—
Purchase of steel pipe materials from TPCO & TISCO Welding Pipe Corporation Co., Ltd. ("Tianguan Taigang") (Note (v))	(7,684)	(1,181)

Notes:

- (i) The Group supplied gas to related parties via its pipe network at a price regulated by the State Government and the Tianjin Municipal Government.
- (ii) The Group leased its own equipment to SBI.
- (iii) The Group was engaged to provide the connection services to related parties located in Tianjin.
- (iv) The Group was engaged to provide the connection services to ultimate holding company located in Tianjin.
- (v) The Group entered into the Steel Pipes Agreement Tianguan Taigang for the supply of steel pipe materials by Tianguan Taigang.

- (vi) The Group entered into insurance arrangement with Bohai as insurer, pursuant to which Bohai will provide insurance coverage to various subsidiaries of the Group.
- (vii) The Group purchased gas from Binhai Tourist Area Gas.
- (viii) The Group purchased supervision services of construction from Eco-City Environmental.
- (ix) The Group provided gas transportation to TEDA gas.

	Unaudited as at 30 June 2017 HK\$'000	Audited as at 31 December 2016 HK\$'000
(b) Balances with related parties		
Account receivable from Tianjin Pipe and its associates	117,668	76,128
Account receivable from TEDA Zhongtang	17,685	8,580
Account receivable from TEDA Gas	9,834	19,155
Account receivable from Sai Rui	9,495	11,181
Account receivable from Tianjin Xingcheng	6,010	8,445
Account receivable from Tianjin Eco-City	980	380
Account receivable from Tianjin YAT-SEN	951	508
Account receivable from SBI	394	474
Advance to Binhai Tourist Area Gas	23	2,743
Account receivable from Thriving Future Property	1	15
Advance to Tianguan Taigang	—	8,767
Account receivable from TEDA Investment	—	1,833
Account receivable from TEDA Urban Development	—	431
	163,041	138,640
Account advance received from Eco-City TEDA Thermal Power	—	(523)
Account advance received from TEDA Transportation Hub	(67)	(295)
Account payable to Tianguan Taigang	(94)	—
Account payable to Tianjin Development Zone Engineering Supervision Company	(207)	(335)
Account advance received from Tianjin Rail Transit Group Engineering Construction Co., Ltd.	(288)	(279)
Account payable to SBI	(5,160)	(5,928)
Account payable to TEDA Property	(7,459)	(5,673)
	(13,275)	(13,033)

	Unaudited	
	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
(c) Key management compensation:		
Fees	(1,428)	(1,428)
Salaries, share options and other allowances	(3,033)	(7,382)
Pension costs	(192)	(99)

(d) Transactions/balances with other state owned enterprises in the PRC

The Group operates in an economic environment currently predominated by enterprises directly or indirectly owned or controlled by the PRC government (hereinafter collectively referred to as "state-controlled entities"). The Directors consider the state-controlled entities as independent third parties so far as the Group's business transactions with them are concerned.

Other than those mentioned above in Notes (a) and (b) above and the issuance of Redemption Preference Shares mentioned in Note 16, the majority of the Group's bank balances and cash and borrowings as at 30 June 2017 were deposited with state-controlled banks or borrowed from state-controlled financial institutions.

23. ASSET HELD FOR SALE

	Unaudited	Audited
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
Property under development		
Land use rights	17,458	16,947
Construction costs and capitalised expenditure	112,823	109,525
	130,281	126,472

Note: The property under development is located in Tianjin Airport Economic Area in Binhai New Area, the PRC which is land held under land use rights for commercial use for a term of 40 years from 31 December 2009. On 25 June 2012, as approved by the Board, the Group planned to dispose of the property under development, which was measured using cost method prior to classification to assets held for sale. As at 31 December 2015, the sale was considered highly probable as the Company identified a potential buyer. However, the purchase transaction was not completed in 2016 as the potential buyer had internal restructuring and did not pursue the purchase transaction further.

During the year of 2016, the Directors were still committed to selling the property under development and considered that the disposal remained highly probable. Accordingly, the Directors considered that the completion of sales was highly probable within one year and it was appropriate that the property under development continued to be classified as held-for-sales in the consolidated statement of financial position as at 31 December 2016.

During the Period, the Group still actively pushed forward the disposal and had identified potential buyers, the disposal thus remains highly probable. The Directors therefore consider that it is highly probable that the disposal will be completed within one year and that it is appropriate that the property under development continued to be classified as held-for-sales in the condensed consolidated statement of financial position as at 30 June 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in the construction of gas pipeline networks, the provision of connection services, the sale of LPG and piped gas, and gas transportation.

Connection Services

The Group constructs gas pipelines for its clients and connects their pipelines to the Group's main gas pipeline networks, and receives connection service fees from industrial and commercial customers, property developers and property management agents. As at 30 June 2017, the Group's total gas pipeline network was approximately 2,199 kilometers, representing an increase of 70 kilometers of the pipeline network from 2,129 kilometers as at 31 December 2016. During the Period, the connection service fees amounted to HK\$247,823,000, representing an increase of HK\$56,642,000 or 30% as compared with HK\$191,181,000 for the corresponding period last year.

Piped Gas Sales

During the Period, consumption of piped gas by residential and industrial customers amounted to approximately $2,252 \times 10^6$ and $8,874 \times 10^6$ mega-joules respectively, as compared with $1,914 \times 10^6$ and $8,907 \times 10^6$ mega-joules respectively for the corresponding period last year. For the Period, the piped gas sales income of the Group amounted to HK\$903,242,000, representing an increase of HK\$24,157,000 or 3% as compared with HK\$879,085,000 for the corresponding period last year. The increase in piped gas sales income is mainly due to the increase in natural gas sales volume.

Property Development

As at 30 June 2017, the Group held a piece of land under development of approximately 15,899.6 square meters located to the east of Central West Road, west of Central Road, north of Xi San Road and south of Xi Er Road in the Tianjin Airport Economic Area in the Binhai New Area of the PRC, under land use rights for commercial use for a term of 40 years from 31 December 2009.

In view of the incompatibility of real estate business with the Group's current strategic direction which focuses on the development of the gas business, the Group plans to dispose of the above property under development. The management emphasized the decision of the disposal of the real estate, and has appointed professional staff to actively contact agents and potential buyers and has made positive progress in the negotiation. It is estimated that the real estate will be sold within one year under the situation of the brisk real estate market around Tianjin Airport Economic Area.

Gas Transportation

The Group transports gases for clients through gas pipeline networks and charges transportation fees. During the Period, the volume of gases transported by the Group for its clients amounted to 68,694,839 square meters and gas transportation income amounted to HK\$6,987,000. There was no such business in the corresponding period last year.

Prospects

As stated in the "Opinions on Accelerating the Use of Natural Gas" issued by the National Development and Reform Commission of the PRC in July 2017 (the "Opinions"), natural gas will gradually be developed to become one of the main sources of energy in the modern clean energy system of PRC, and will strive for its proportion in one-time energy consumption to reach approximately 10% by 2020. The proportion of natural gas in one-time energy consumption will be endeavored to be raised to approximately 15% by 2030, and promoting clean heating in winters in Northern regions and speeding up the development of natural gas vehicles and vessels are focused on.

In relation to the enhancement of the pricing mechanism of natural gas, the Opinions urge the promotion of the marketisation process of natural gas price for non-residential usage and improvement of the price-fixing mechanism for residential usage. Local governments are encouraged to allocate financial support in line with their local conditions. The development of projects including natural gas pipeline, town gas pipeline network, storage and peak-shaving facilities, replacement of coal with gas and distributed natural gas are also promoted.

In relation to the reform of natural gas system, the Opinions propose the extension of financing channels, strengthening of financial services for private investment and active promotion of public-private partnership (PPP) in order to attract social capital to invest in, construct and operate natural gas infrastructures. It was also stated that pilot and demonstration will be launched.

As seen from the above, the natural gas industry in the PRC is flourishing and has huge potential for development. The Company being based in Binhai New Area and while taking advantage of the Beijing-Tianjin-Hebei integration, will certainly eye on the national layout at the same time, participate actively in the tide of PRC's natural gas industry reform, grasp the opportunities to develop while consolidating existing markets, expand the scope of business and improve the Group's size and scale so as to achieve win-win results, in order to create greater returns for the society and the shareholders, employees and the other stakeholders of the Company.

Financial Review

Gross Profit Margin

For the Period, the gross profit of the Group was HK\$245,265,000 (for the six months ended 30 June 2016: HK\$258,501,000) and the gross profit margin for the Group was 21.1% (for the six months ended 30 June 2016: 24.0%).

During the Period, the gas sales volume under the Group's coal-to-fuel project increased substantially, which led to an increase in the Group's profit. However, since the gas sales price under such project was slightly lower than that charged to most of the other industrial clients, the gross profit margin had decreased.

Administrative Expenses

Administrative expenses of the Group for the Period were HK\$70,717,000, representing a decrease of HK\$2,317,000 or 3% as compared to HK\$73,034,000 for the corresponding period last year. The reduction in administrative expenses is mainly due to the lower management costs resulting from the Group's efforts to control its expenses.

Profit attributable to owners of the Company

The profit attributable to owners of the Company was approximately HK\$179,345,000 for the Period, representing an increase of HK\$101,176,000 or 129% as compared to HK\$78,169,000 for the corresponding period last year. Such significant increase was mainly due to (i) increase in foreign exchange gain resulting from the appreciation of Renminbi; (ii) reduced finance costs and (iii) less income tax expenses owing to the granting of preferential tax treatment to the Company's subsidiaries operating in Tianjin and Zhuozhou.

Basic earnings per share of the Company for the Period were HK15.27 cents, representing an increase of HK8.61 cents as compared to HK6.66 cents for the corresponding period last year.

Liquidity and financial resources

As at 30 June 2017, the total borrowings of the Group were HK\$2,002,417,000 (as at 31 December 2016: HK\$1,789,740,000) and the cash and bank deposit of the Group was HK\$443,227,000 (as at 31 December 2016: HK\$332,012,000), including cash and cash equivalents of HK\$406,661,000 and pledged bank deposits of HK\$36,566,000. As at 30 June 2017, the Group had consolidated current assets of HK\$1,335,397,000 and its current ratio was 0.48. As at 30 June 2017, the Group had a gearing ratio of approximately 146%, measured by the ratio of total consolidated borrowings of HK\$2,002,417,000 to total equity of HK\$1,367,907,000.

Borrowings Structure

As at 30 June 2017, the total borrowings of the Group amounted to HK\$2,002,417,000 (as at 31 December 2016: HK\$1,789,740,000). Unsecured borrowings from PRC banks were denominated in RMB, carrying interest at the rate of 4.75% and 5.44% per annum. Unsecured bonds of US Dollars 200,000,000 were issued at 100% of the issue price, bearing interest at a rate of 3.25%. Other secured borrowings include borrowings with principal amounts of RMB230,000,000 and RMB130,000,000 respectively with the annual interest rate being 12% less than the RMB benchmark lending rate published by the People's Bank of China for the same period and with the annual interest rate being 2% more than the RMB benchmark lending rate published by the People's Bank of China for the same period. As at 30 June 2017, short-term borrowings and current portion of long-term borrowings amounted to HK\$1,703,555,000, while the remainder were long-term borrowings falling due after one year or above.

Directors' opinion on sufficiency of working capital

In view of the Group's current stable financial position and in the absence of unforeseeable circumstances, the Directors are of the opinion that the Group has sufficient working capital for its present needs. Taking into account the expected financial performance and net cash to be generated from operations of the Group and the available banking facilities, the Directors believe that the Group is able to meet its liabilities as and when they fall due.

Exposure to risks created by exchange rate fluctuations

The Directors consider that the Group's exposure to foreign currency exchange risk is insignificant as the majority of the Group's transactions are denominated in the functional currency of the Group's respective entities. Part of the bank balances and bank borrowings are denominated in HK Dollars and US Dollars which expose the Group to foreign currency exchange risk. For the six months ended 30 June 2017, net unrealized foreign gain for the financing activities was HK\$47,365,000. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange risks and will consider hedging significant foreign currency exposure should the need arise.

Charge over the Group's assets

As at 30 June 2017, the Group had pledged bank deposits of HK\$36,566,000 (as at 31 December 2016: HK\$8,651,000).

Apart from the above, pipelines with a net carrying amount of HK\$410 million (approximately RMB 356 million) were pledged as security for the related borrowing as at 30 June 2017.

Final Dividend

Based on the annual profit of the Company for the year ended 31 December 2016 and taking into account the financial position of the Company, the Board recommended a final dividend of HK\$0.05 per ordinary share for the year ended 31 December 2016 ("2016 Final Dividend") (a final dividend of HK\$0.05 per ordinary share was recommended for the year ended 31 December 2015). The 2016 Final Dividend was approved by the holders of ordinary shares at the annual general meeting of the Company (the "AGM") held on 5 May 2017, and was paid on 30 June 2017. The actual amount of the 2016 Final Dividend paid was approximately HK\$58,717,400.

Interim Dividend

The Board does not declare any interim dividend for the Period (2016: Nil).

Significant acquisition and disposals

The Group had no significant acquisitions and disposals of subsidiaries and affiliated companies during the Period.

Contingent Liabilities

As at 30 June 2017, the Group did not have any significant contingent liabilities.

EMPLOYEES

As at 30 June 2017, the Group had 1,531 employees (as at 31 December 2016: 1,521). For the Period, the salaries and wages of the employees was HK\$73,681,000 (for the six months ended 30 June 2016: HK\$70,574,000) and among these, HK\$7.6 million was recorded as research and development expenses (for the six months ended 30 June 2016: HK\$4 million).

During the Period, there has been no material change to the Group's employee remuneration policies. Details of which have been set out in the published annual report of the Company for the year ended 31 December 2016.

OTHER INFORMATION

Interests and Short Positions of Directors, Chief Executives, Substantial Shareholders and Other Persons in the Shares and Underlying Shares of the Company

(a) Interests and Short Positions of the Directors and the Chief Executives in the Share Capital of the Company and its Associated Corporations

As at 30 June 2017, the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), Chapter 571 of the Laws of Hong Kong) which were required to be: (a) recorded in the register kept by the Company pursuant to section 352 of the SFO; or (b) notified to the Company and

the Stock Exchange pursuant to the required standard of dealings by directors referred to in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Main Board Listing Rules were as follows:

Name of Director	Capacity	Interests in ordinary shares				Total interests pursuant to share options	Total interests in ordinary shares and underlying ordinary shares	Approximate percentage of the Company's total issued ordinary shares as at 30 June 2017
		Personal interests	Corporate interests	Family interests	Total interests			
Mr. GAO Liang	Beneficial owner	–	–	–	–	1,000,000	1,000,000	0.09%
Mr. ZHANG Jun	Beneficial owner	–	–	–	–	700,000	700,000	0.06%
Mr. WANG Gang	Beneficial owner	–	–	–	–	700,000	700,000	0.06%
Ms. ZHU Wen Fang	Beneficial owner	–	–	–	–	700,000	700,000	0.06%
Mr. IP Shing Hing, J.P.	Beneficial owner	–	–	–	–	200,000	200,000	0.02%
Professor Japhet Sebastian LAW	Beneficial owner	100,000	–	–	100,000	200,000	300,000	0.03%
Mr. TSE Tak Yin	Beneficial owner	–	–	–	–	200,000	200,000	0.02%
Mr. LAU Siu Ki, Kevin	Beneficial owner	–	–	–	–	200,000	200,000	0.02%

Details of the Director's interests in share options granted by the Company are set out below under the heading "Director's rights to acquire shares".

Director's rights to acquire shares

Pursuant to the share option scheme adopted by the Company on 20 August 2010, the Company granted options on its ordinary shares to the Directors, the details of such options outstanding as at 1 January 2017 and as at 30 June 2017 were as follows:

Name of Director	Date of grant	Exercise Period	Exercise Price (HK\$)	Number of ordinary shares subject to outstanding options as at 1 January 2017	Number of ordinary shares subject to outstanding options as at 30 June 2017	Approximate percentage of the Company's total issued ordinary shares as at 30 June 2017
Mr. GAO Liang	27.9.2010	27.9.2010 – 26.9.2020	5.6	1,000,000	1,000,000	0.09%
Mr. ZHANG Jun	27.9.2010	27.9.2010 – 26.9.2020	5.6	700,000	700,000	0.06%
Mr. WANG Gang	27.9.2010	27.9.2010 – 26.9.2020	5.6	700,000	700,000	0.06%
Ms. ZHU Wen Fang	27.9.2010	27.9.2010 – 26.9.2020	5.6	700,000	700,000	0.06%
Mr. IP Shing Hing, J.P.	27.9.2010	27.9.2010 – 26.9.2020	5.6	200,000	200,000	0.02%
Professor Japhet Sebastian LAW	27.9.2010	27.9.2010 – 26.9.2020	5.6	200,000	200,000	0.02%
Mr. TSE Tak Yin	27.9.2010	27.9.2010 – 26.9.2020	5.6	200,000	200,000	0.02%
Mr. LAU Siu Ki, Kevin	27.9.2010	27.9.2010 – 26.9.2020	5.6	200,000	200,000	0.02%

Note: The exercisable period of the above share options is 10 years from the date of grant.

Save as disclosed above, as at 30 June 2017, there were no other interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (pursuant to the meaning of Part XV of the SFO) entered in the register kept by the Company pursuant to section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors referred to in the Model Code.

(b) Interests and Short Positions of Substantial Shareholders and Other Persons in the Share Capital of the Company

As at 30 June 2017, the persons (not being a Director or chief executive of the Company) or companies who or which had interests or short positions in the shares or underlying shares of the Company which were notified to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept under section 336 of the SFO are listed as follows:

Name of shareholder	Position	Capacity	Number of ordinary shares				Total interest	Approximate percentage of the Company's total issued ordinary shares as at 30 June 2017
			Beneficial interest	Family interest	Corporate interest	Other interest		
Tianjin TEDA Investment Holding Co., Ltd. ("TEDA")	Long	Interest of controlled corporation	–	–	742,049,127 (Note 1)	–	742,049,127	63.19%
Mr. SHUM Ka Sang ("Mr. SHUM")	Long	Beneficial owner/ Interest of controlled Corporation/ Interest of Spouse	308,000	127,924 (Note 3)	62,952,600 (Note 2)	–	63,388,524	5.40%
Wah Sang Gas Development Group (Cayman Islands) Limited	Long	Beneficial owner	61,952,600 (Note 2)	–	–	–	61,952,600	5.28%
Ms. WU Man Lee ("Ms. WU")	Long	Beneficial owner/ Interest of spouse	127,924	63,260,600 (Note 3)	–	–	63,388,524	5.40%
China Everbright Holdings Company Limited ("CEHCL")	Long	Interest of controlled corporation	–	–	33,855,236 (Note 4)	25,950,000 (Note 5)	59,805,236	5.09%
China Everbright Limited ("CEL")	Long	Interest of controlled corporation/Interest of any parties to an agreement	–	–	33,855,236 (Note 4)	25,950,000 (Note 5)	59,805,236	5.09%
China Everbright Group Ltd.	Long	Interest of controlled corporation	–	–	33,855,236 (Note 4)	25,950,000 (Note 5)	59,805,236	5.09%
Central Huijin Investment Ltd.	Long	Interest of controlled corporation	–	–	33,855,236 (Note 4)	25,950,000 (Note 5)	59,805,236	5.09%

Notes:

1. The 742,049,127 ordinary shares held by TEDA was disclosed in the Company's announcement dated 1 September 2015.

2. Wah Sang Gas Development Group (Cayman Islands) Limited is a company entirely owned by Mr. Shum. The corporate interest held by Mr. Shum refers to his deemed interests in the 61,952,600 ordinary shares held by Wah Sang Gas Development Group (Cayman Islands) Limited and in the 1,000,000 ordinary shares held by Wah Sang Gas Development (Group) Limited which is 100%-controlled by Mr. Shum.
3. Mr. Shum and Ms. Wu are a couple and are deemed to be interested in such ordinary shares by virtue of the interests in such ordinary shares owned by each other.
4. CEHCL, through a number of direct and indirect wholly-owned subsidiaries, holds approximately 49.74% interests in CEL. The corporate interests in 33,855,236 ordinary shares represent (i) 12,250,000 ordinary shares held by Everbright Inno Investments Limited; and (ii) 21,605,236 ordinary shares held by Energy Empire Limited, both being wholly-owned subsidiaries of CEL. Central Huijin Investment Ltd. holds approximately 55.67% interest in China Everbright Group Ltd., which in turn wholly-owns CEHCL. Accordingly, Central Huijin Investment Ltd., China Everbright Group Ltd., CEHCL and CEL are each deemed to be interested in the aforesaid 33,855,236 ordinary shares.
5. The 25,950,000 ordinary shares are held by a corporation controlled by CSOF III GP Limited (“CSOF III”). Windsor Venture Limited, a subsidiary of CEL, is a party to an agreement under section 317 of the SFO with Forebright Partners Limited and CSOF III, and accordingly, Central Huijin Investment Ltd., China Everbright Group Ltd., CEHCL and CEL are each deemed to be interested in the aforesaid 25,950,000 ordinary shares.

Other than as disclosed above, as at 30 June 2017, the Company had not been notified of any other interests or short positions in the shares or underlying shares of the Company and recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

At the AGM of the Company held on 20 August 2010, the shareholders of the Company (the “Shareholders”) approved a new share option scheme (the “2010 Scheme”) in place of the previous scheme which has lapsed.

Pursuant to the 2010 Scheme, the Company granted 90,500,000 share options to the Directors and certain employees under continuous contract with the Group on 27 September 2010. Upon the share consolidation of the Company taking effect on 14 May 2015, the total number of shares that will be issued upon the exercise of the outstanding share options under the 2010 Scheme was adjusted from 55,500,000 ordinary shares of HK\$0.01 each to 5,550,000 consolidated ordinary shares of HK\$0.10 each, and the exercise price of such options had also been adjusted from HK\$0.56 per ordinary share of HK\$0.01 each to HK\$5.60 per consolidated ordinary share of HK\$0.10 each. During the Period, no share options had been granted, exercised or cancelled or had lapsed.

Details of share options held by the Directors and employees of the Group pursuant to the 2010 Scheme and the changes of which during the Period were as follows:

Grantee	Date of grant	Exercise Period (Note)	Exercise Price (HK\$)	Number of ordinary shares subject to outstanding options as at 1 January 2017	Number of options lapsed during the Period	Number of ordinary shares subject to outstanding options as at 30 June 2017	Approximate percentage of the Company's total issued ordinary shares as at 30 June 2017
Directors	27.9.2010	27.9.2010 – 26.9.2020	5.6	3,900,000	–	3,900,000	0.33%
Employees	27.9.2010	27.9.2010 – 26.9.2020	5.6	1,150,000	–	1,150,000	0.10%
Total				5,050,000	–	5,050,000	0.43%

Note: The exercisable period of the share options is 10 years from the date of grant.

CHANGE IN DIRECTOR'S INFORMATION

Mr. HE Xiang Li ("Mr. He") was elected as a non-executive Director by a resolution of the Shareholders by way of poll at the AGM. Mr. He has entered into a service contract with the Company for a term of three years commencing on 17 March 2017, subject to retirement by rotation and re-election in accordance with the bye-laws of the Company. He is entitled to a director's fee of HK\$200,000 per year, which has been reviewed by the remuneration committee of the Company and was determined by the Board with reference to market rates, his qualifications and experience.

Mr. LI Wei resigned as a non-executive Director with effect from 17 March 2017.

Ms. SHI Jing, a non-executive Director, was appointed as a director of Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生製藥股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code 2393.SZ), with effect from 18 April 2017.

Save as disclosed above and as at the date of this report, the Company is not aware of any change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Main Board Listing Rules.

AUDIT COMMITTEE

The Company established an audit committee (the “Audit Committee”) with written terms of reference in accordance with the Main Board Listing Rules. The Audit Committee comprises four independent non-executive Directors, namely Mr. LAU Siu Ki, Kevin, Professor Japhet Sebastian LAW, Mr. TSE Tak Yin and Mr. IP Shing Hing, J.P.. Mr. LAU Siu Ki, Kevin, the chairman of the Audit Committee, and Mr. TSE Tak Yin are qualified accountants. The Audit Committee has reviewed the unaudited consolidated results of the Group for the Period and has provided advice and comments on the interim report.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a Code of Conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in the Model Code. Trading of securities by Directors shall be approved by the chairman of the Board and shall be entered into in accordance with the time frame and the number of securities approved.

All Directors have confirmed, following specific enquiries by the Company, that they had complied with the required standard of dealings as set out in the Model Code and the Company’s Code of Conduct during the Period.

CORPORATE GOVERNANCE CODE COMPLIANCE

During the Period, the Company had complied with the code provisions set out in the Corporate Governance Code set out in Appendix 14 to the Main Board Listing Rules.

PURCHASES, SALES OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the Period.

By order of the Board
Binhai Investment Company Limited
Gao Liang
Executive Director

Hong Kong, 18 August 2017

As at the date of this report, the Board comprises two executive Directors, namely, Mr. ZHANG Bing Jun and Mr. GAO Liang, six non-executive Directors, namely, Mr. SHEN Xiao Lin, Mr. ZHANG Jun, Mr. WANG Gang, Ms. ZHU Wen Fang, Ms. SHI Jing and Mr. HE Xiang Li, and four independent non-executive Directors, namely, Mr. IP Shing Hing, J.P., Professor Japhet Sebastian LAW, Mr. TSE Tak Yin and Mr. LAU Siu Ki, Kevin.